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SIPDIS

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SUBJECT: SADDAM'S REGIME PROSPERING AND CONFIDENT ACCORDING TO LONGTIME JOURNALIST

Classified By: Ambassador Edward Gnehm. Reasons 1.5 (b,d).

Summary

1. (S) Journalist Peter Arnett (please protect throughout) shared with the Ambassador May 13 impressions from a just-completed three-week tour of Iraq. The images he conveyed -- full flights into and out of Baghdad, markets better stocked with products than before, huge, recently-completed ornate Mosques, and the self-assured words of Tariq Aziz and other GOI officials -- are of a self-confident regime that believes it can withstand any potential U.S. attack short of a full-scale ground invasion. Baghdad, he noted, was full of European and other international "solidarity activists" who had come to Iraq to take part in Saddam's 65th Birthday celebrations. He observed that the GOI no longer looks to the international media to generate public pressure to stop any U.S. action. Instead, its active -- and in its own view successful -- courting of its Arab neighbors and European NGOs is building opposition to any U.S. action. He also noted that Uday apparently has recently become a Shi'a, and has taken to writing long tracts in his newspaper Babel on the virtues of the Shi'a sect. Whether this indicates a change in his notoriously libertine lifestyle remains to be seen. End Summary.

Full Planes, Busy Markets, New Mosques, and Plenty
of Interested International Businesspeople

2. (S) Arnett observed that throughout his trip, it was clear that Iraq is much more prosperous now than it has been at any time since Desert Storm. He flew into and out of Baghdad from Amman, and also flew internally from Baghdad to Mosul in the north and to Basra in the south. All the flights, he noted, were filled with businesspeople, Iraqi families, and large numbers of Shi'a pilgrims from other countries. The Iraqi planes on the internal flights were all in good repair, and Saddam International Airport was "spic and span, well-maintained, and bustling with flights to and from everywhere." He said he saw similar levels of activity at Baghdad's bus terminals, with new buses departing regularly for destinations all over the country.

3. (S) A visit to Saddam City in Baghdad (which Arnett views as a bellwether neighborhood) revealed that the quantity and variety of goods found in working class markets have greatly improved. The expanded availability of goods is not limited to upper class neighborhoods like Mansour, he said, but clearly extends to other levels of society as well. (Note: UN officials he met said that supplies of medicines obtained under O-F-F are, for the most part, meeting overall needs. That said, the officials noted that there have been problems importing some specialized medicines due to sanctions restrictions on potential dual-use items.) He also recounted visiting an Iraqi family he has known for more than 10 years, noting how their economic situation had improved significantly. The father is now making relatively good money as a driver on the trade routes back and forth to Syria. Quite striking, as well, were the huge and ornate new mosques that had been completed or are still under construction in various parts of Baghdad. Many Iraqis appear to approve of and appreciate the new mosques, he said: "it gives them a place to go."

4. (S) Just as striking, in his view, has been the proliferation of international business people in Baghdad compared to the numbers he had seen on previous visits. As an example, he noted that delegations from both Indonesia and Malaysia were negotiating with the Iraqis over oil development projects in the Western Desert. A senior Iraqi official boasted to him that Iraq would soon be shown to have the world's largest oil reserves. This is, and would continue to be, an irresistible lure to international business. Trade Minister Mohammed Salih, he noted, "made a big issue of saying that Iraq very much wanted to rebuild its trade relationship with the U.S. under the 1988 trade agreement" and said he regretted that politics had thus far prevented that from happening.

Saddam's Birthday Bash: Organized But Genuine Enthusiasm

15. (S) Arnett's three-week visit coincided with Iraq's commemoration of Saddam's 65th Birthday. In total he "endured" 22 hours of celebratory parades in Baghdad, Tikrit and Mosul in honor of this occasion. While the government obviously instructed and organized the populace to participate (bussing people in, for example, and sending notices instructing people which event to attend), many Iraqis took part of their own volition. Much of this stems from Saddam's emotional appeal as an Arab hero who fearlessly stands up to America. Part of it is a result of the largesse Saddam bestows on those who are loyal. In either case, the journalist noted, the enthusiasm of many Iraqis came off to him as genuine.

16. (S) Arnett also passed on comments from Tariq Aziz that reflected the regime's judgement that the people's support is, in fact, real. Aziz told him that the Government had distributed "hundreds of thousands of weapons" into the hands of the people. If they were truly concerned about the loyalty of average Iraqis, they would never have done this. Americans and others "who may believe that the Iraqi population is seething with rage against the regime are sorely mistaken," Aziz said. Aziz added: "The U.S. is wasting its time and money with these so-called opposition groups. The relationship between the Government and the people is a healthy one. We are not afraid. We are sure of their patriotism." Fondly recalling evenings spent in packed cafes along the waterways and marveling over the many positive changes in Iraq since his last visit several years ago, Arnett opined that as time goes by regime change will be more difficult, saying "each month (sees) more trade, more prosperity, and more solidarity."

No Relationship With UBL

17. (S) In the same interview, Tariq Aziz emphatically denied any cooperation between Iraq and "terrorists," noting that Palestinian "freedom fighters" fall into a different category. He told Arnett that "we don't work with terrorists. We don't need them. We never recognized the Taliban. The attack on the WTC was the act of a desperate individual. Governments don't do things like that. We are a revolutionary government power and we would have been subject to nuclear attack if we did such a thing."

"International Solidarity" Activists More Effective Advocates than the Media

18. (S) Saddam's birthday and the 34-nation "Baghdad Conference" that had also taken place drew large numbers of "international solidarity activists" from around the world. The Iraqis, Arnett noted, appear to have settled on a strategy of building grassroots support for Iraq in Europe and elsewhere by courting and (in all likelihood, he noted) financing these groups. They see these organizations as effective pressure centers that, over time, will be able to affect their own governments' policies toward Iraq and erode support for, and participation in, any U.S.-led action. This has been especially true of its efforts in Arab countries. He contrasted the energy and resources the GOI is devoting to these groups to the diminished role the Iraqis have assigned to the international media. He noted, "their experience in 1991 showed that our reporting did nothing to stop the U.S.'s decision to launch Desert Storm."

A New, More Pious and Shi'a Uday?

19. (S) One curiosity Arnett remarked on was Uday's recent public conversion to Shi'a Islam. Uday has been utilizing his newspaper "Babel" to pontificate on the virtues of Shi'a Islam. This development has not gone unnoticed among Iraqi Shi'a. What it ultimately portends, how most Iraqis view it, and whether Uday has permanently forsaken his previously notorious libertine lifestyle, Arnett jokingly remarked, remain to be seen.

Gnehm